CHAPTER XXXIII.—CURRENCY NOTES.

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Denominations of Notes.

556. Under the Mysore Paper Currency Regulation (No. XI of 1918), universal currency notes, and notes, of whatever denomination, of the Madras Circle, issued under the Indian Paper Currency Act, shall be legal tender throughout Mysore. A universal currency note is defined as a note of the denominational value of rupees five, rupees ten, rupees fifty or rupees one hundred or a note of any other denominational value which may be notified as such. Notes of denominational value of Rs. 1, 2½ and 20, which are no longer issued, have not been so notified, but they should be treated by Government officers as universal. Non-universal notes are of denominations of Rs. 500, Rs. 1,000 and Rs. 10,000.

Receipt and Issue of Notes.

557. (*a*) Universal currency notes and notes of the Madras Circle, will be accepted, in all Government offices including treasuries, when tendered in payment of Government dues or in settlement of other transactions at par.

(*b*) Notes of the denominational value of Rs. 500 and upwards of circles other than Madras will be accepted at a discount or with a commission of 3 annas per 100 rupees.

1. Non-Universal notes of the Bombay Circle received in treasuries should be remitted to the State Huzur Treasury, Bangalore, and not to the Imperial Bank. The State Huzur Treasury will send these notes to the Imperial Bank of India, Bombay, for credit to the Dewan's Deposit account there.

2. On the back of each currency note, forming a portion of a remittance from a post office to any treasury, the dated stamp of the remitting post office is impressed, to prevent counterfeit notes being substituted for genuine notes during transit.

3. The several circles of issue of Paper Currency, as now constituted, are as follows:—Calcutta, Cawnpore, Lahore, Bombay, Karachi, Madras and Rangoon.

4. Cut notes should, before receipt, be joined by a narrow strip of paper gummed across the whole breadth; but if they are received in a remittance by halves, the Treasury Officer will join them.

558. Although no person has a legal claim to obtain cash for notes presented at a treasury, Government desire that this accommodation be given when convenient, and that all applications for exchange should be granted provided that the coin or notes applied for are available, subject to any general or special limitations which the Comptroller may find it necessary to impose from time to time.

559. Subject to any limitations which the Comptroller may find it necessary to impose in particular cases (*vide* preceding Article), the Treasury Officer should, whenever he is satisfied that no inconvenience will be caused to the treasury by the encashment of any universal notes or notes of Madras Circle likely to be presented, exhibit in some conspicuous place a placard in English and Kannada notifying that he is prepared to give cash for such notes. If the Treasury Officer can spare cash for only a limited amount of notes, he is at liberty to notify that he is prepared to give cash for universal notes only or for notes of the lower denominations only. Care should, however, be taken that no corrupt or undue preference is shown to any individual.

NOTE 1.—Discount is levied at four annas per hundred rupees on all universal notes and notes of the Madras Circle and at 7 annas per hundred rupees on all other notes cashed in the following places:—

(1) District and Taluk treasuries in Tumkur. (*G. O. No. 4804-280, dated 20th July 1891.*)

(2) Certain Taluk treasuries of Shimoga District. (Shikarpur, Sagar, Nagar, Tirthahalli and Shimoga Taluk treasuries and Shimoga District treasury.) (*G. O. No. 5395-316, dated 5th August 1891 and G. O. No. Fl. 8278—372-06-2, dated 3rd May 1907.*)

(3) All treasuries of Hassan and Kadur Districts. (*G. O. No. 16444—R. F. 108-93, dated 29th March 1895.*)

(4) Hunsur Taluk treasury, Mysore.

NOTE 2.—The discount will not be levied from Postmasters when they exchange notes for cash for the *bona fide* use of the post office.

560. Whenever there are reasons to believe that notes are selling in the local market at a discount or a premium in large amounts, Treasury Officers should at once bring the fact to the notice of the Comptroller.

561. Universal notes and notes of the Madras Circle of whatever denomination are legal tender in satisfaction of any claim against Government. Endeavour should, however, always be made as far as possible, to meet the requirements of the payee as to the form of currency in which he desires to take payment.

NOTE.—There is ordinarily no objection to pay claims on Government in currency notes if so required. Government is not however bound to make any special arrangements to pay its officers in currency notes when it may prove inconvenient to do so; but as the supply of notes to meet the wishes of the officers who desire that their salaries should be paid in currency notes is not likely to entail any considerable loss, there is no objection to the supply of currency notes to a surplus treasury for this purpose.

562. No restrictions are imposed on the issue of notes at treasuries in exchange for cash or for universal notes or notes of the Madras Circle.

563. The general rule that should be borne in mind in issuing currency notes to the public is that this accommodation can be given them only when it can be done without inconvenience to Government. The following special instructions may, however, be noted for observance:—

(1) *Bona fide* travellers requiring currency notes in exchange for cash may be given currency notes up to a maximum limit of Rs. 200.

(2) At surplus treasuries where the cash balance in coins is strong, currency notes should not be given in exchange for cash, as such exchange will throw on the State the expense of remitting specie. Such exchange is all the more objectionable when there is reason to believe that the notes asked for in large quantities are intended for remittance elsewhere in connection with trade. In exceptional circumstances, however, such as those of famine or distress when notes are largely in demand for importing food grains, etc., Government will arrange to supply the treasuries with notes to the extent required irrespective of considerations of cost.

(3) At deficit treasuries (*i.e.*, where the cash receipts are less than the expenditure), currency notes may be issued in exchange for cash to any extent available after the requirements mentioned in Article 561, and rule (1) above have been sufficiently met.

(4) In treasuries in which the receipts are generally in currency notes, there should be no objection either to a free issue of currency notes or exchange of

currency notes for cash, provided that care is taken to see that any surplus that may have to be remitted to the headquarters from such treasury shall be in currency notes as far as possible.

(5) In issuing notes, the treasury must first attend to the requirements of parties having documentary demands on the treasury and then, if it has an available balance of notes, it may issue them to applicants in exchange for coin.

NOTE.—A commission of one-fourth per cent will be levied on the currency notes issued to the merchants of Chitaldrug at the District treasury, Chitaldrug. *(G. O No. Fl. 2242-3—G. F. 132-10-2, dated 7th November 1910.)*

564. It is obviously desirable, from the point of view of the popularity of the note issue, that clean notes only should be put into circulation. Notes much soiled or worn out should not be issued to the public and cut notes should not ordinarily be re-issued. Such notes must be sent to the State Huzur Treasury in the first remittance made thither. The Officer in charge of the State Huzur Treasury will have them exchanged in the Imperial Bank of India, Bangalore, or dispose of them in making payments, if any, to that bank.

Subject to these remarks, universal notes and notes of the Madras Circle of denominations higher than Rs. 100, if fit for issue, may be issued to the public.

1. In the case of Rs. 50 notes and older issues of Rs. 10 and Rs. 5 notes, the circles of issue are indicated by a distinctive letter printed on the note, thus C for Calcutta, A for Cawnpore, L for Lahore, B for Bombay, K for Karachi, M for Madras and R for Rangoon.

2. Notes of the denominations of Rs. 1, 2½ and 20 should not be issued to the public but should be remitted to the State Huzur Treasury, for transmission to the Imperial Bank of India, Bangalore.

3. Notes of other circles will not ordinarily be issued; if, however, special application is made for such notes and those on hand are in good order, there is no objection to their issue.

565. (*a*) In order to obviate unnecessary issues from the double locks, notes received across the counter in the course of daily transactions may, if necessary, be re-issued at once, provided they are in good condition.

(*b*) Notes deposited in the treasury under double locks should be kept in order of receipt and should be re-issued to the public or remitted to another treasury in the same order.

(*c*) When there are in a treasury notes of other circles not fit for issue, or not likely to be applied for, they should be cut and remitted by halves (see Art. 591) to the Officer in charge of the State Huzur Treasury, who will have them exchanged in the Imperial Bank of India, Bangalore.

Forged, Defective and Lost Notes.

566. (*a*) In the event of a forged note being presented, the note and the presenter should be made over to the police if the Treasury Officer considers it advisable to do so. If, however, the Treasury Officer is convinced that the presenter has presented the forged note in good faith, believing that it was genuine, he should impound the note, take the name and the address of the presenter and his statement regarding the person from whom he received the note. The forged note and the presenter's statement should be sent to the police for further enquiry.

NOTE.—When a forged note is impounded, it should be stamped with the word "Forged" or the word "Forged" should be written on it in red ink in large letters before it is sent to the police for enquiry.

(*b*) Notes disfigured by oil or other substances should be scrutinised with special care, as forged notes are sometimes intentionally thus disfigured to render detection difficult.

567. No person is of right entitled to recover from Government the value of any lost, destroyed or imperfect currency note, but rules have been framed under the Indian Paper Currency Act prescribing the circumstances, conditions and limitations under which the value of such notes may be refunded as of grace.

568. Half, mutilated, mismatched or altered notes and notes disfigured by oil or other substances in such manner as to render their identification doubtful should never be received in payment of Government dues or cashed. The holder should be advised to apply to the Currency Officer of the circle to which the notes belong for instructions regarding the procedure under which the value of such notes can, in some cases, be recovered; or in the case of notes which bear no indication of the circle of issue, to the Currency Officer, Calcutta.

NOTE 1.—Currency notes with only a slight mutilation which does not interfere with identification or suggest fraud, may be received at the treasury and dealt with under Article 564. The features necessary for the identification of a note are, besides the numbers, which must, including the serial letters, be all intact, the denomination, the place of issue where indicated, the signature and the watermark.

NOTE 2.—Claims to the value of half or mismatched notes of Rs. 2-8-0 and Re. 1 denominations will not be admitted by a Currency Officer.

NOTE 3.—Defective notes should be stamped with "Half note—Payment refused," "Mutilated—Payment refused," "Mismatched—Payment refused" or "Altered—Payment refused," as the case may be, or such words should be written in red ink in large letters, before they are returned to the presenter.

569. The value of lost or wholly destroyed notes of Rs. 10 and lower denominations will not be refunded. Persons applying to a Treasury Officer for a refund of the value of lost or wholly destroyed notes of Rs. 50 and higher denominations should be referred to the Currency Officer of the circle to which the notes belong for instructions regarding the procedure under which the value of such notes can, in some cases, be refunded.

Supply of Notes.

570. The supply of notes to meet local demands forms a very important part of the resource operations of the State and it is the duty of the Comptroller to keep all his treasuries well supplied with notes with reference to the public demand for them by indent from headquarters or by remittance from other treasuries (*vide* Articles 562 and 563 *supra*).

571. The District Treasury Officer should see that every treasury in his district is supplied with currency notes to the extent required.

NOTE.—Ordinarily, notes in excess of Rs. 1,000 should be remitted by the Taluk treasury to the District treasury and the Deputy Commissioner, Treasury Department, should, at the beginning of every month, when the taluk cash balance statements reach his hands, see that these rules are complied with.

Indents.

572. When notes are wanted in a district, an indent in detail should be submitted to the Comptroller and it may well accompany the monthly cash balance report.